PROVINCE OF SASKATCHEWAN

09-10

ANNUAL REPORT

MINISTRY OF GOVERNMENT SERVICES

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This annual report is also available in electronic format from the ministry's web site at **www.gs.gov.sk.ca**.

Letters of Transmittal

The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May it please Your Honour:

I respectfully submit the Annual Report for the Ministry of Government Services for the fiscal year ending March 31, 2010.

The Government of Saskatchewan is committed to delivering and building on its promises to Saskatchewan people. This commitment means operating with transparency, integrity, accountability, and managing expenditures responsibly.

Government Services' 2009-10 Annual Report demonstrates the progress made towards achieving commitments the government has made. This ministry plays a strong supporting role in providing services across all ministries. In the past year, we have been a leader in developing office space and cleaning standards to control costs and manage the environmental footprint of government.

Government's Go Green initiative is a high priority for this ministry. We have taken steps to reduce Government's environmental footprint by completing energy retrofits, constructing new buildings to Leadership in Energy and Environmental Design standards where practical, and certifying core buildings to Building Owners and Managers Association Building Environmental Standards.

The initiatives pursued in 2009-10, and the results achieved are communicated to the legislature and to the Saskatchewan people through this report. The results achieved provide a foundation for establishing future priorities and influencing future government activities. Therefore, the annual report is not only an important accountability document, but it can also inform future planning and resource allocation.

Christine Tell
Minister of Government Services

Letters of Transmittal

The Honourable Christine Tell
Minister of Government Services

I have the honour of submitting the Annual Report for the Ministry of Government Services for the fiscal year ending March 31, 2010.

As Deputy Minister, I am responsible for the financial administration and management control of the Ministry of Government Services and as such, I hereby take responsibility for this report, and assure you that the information contained within is accurate and reliable.

Ron Dedman
Deputy Minister of Government Services

Introduction

This annual report presents the Ministry of Government Services' activities and results for the fiscal year ending March 31, 2010. It reports on the public commitments made and other key accomplishments of the Ministry.

With the release of the ministry plan for 2009-10, results are provided on the publicly committed strategies, actions and performance measures identified in the plan. This report also demonstrates progress made on government commitments as stated in the *Government Direction for 2009-10*, the Minister's Mandate letter, throne speeches, and other commitments.

The 2009-10 Annual Report sets the stage for future planning and budgeting process by providing an opportunity to assess the accomplishments, results, and lessons learned, and identifying how to build on past successes for the benefit of Saskatchewan people.

Alignment with Government's Direction

The Ministry of Government Services' activities in 2009-10 align with Government's vision and three goals:

Our Government's Vision

A secure and prosperous Saskatchewan, leading the country in economic and population growth, while providing opportunity for a high quality of life for all.

Together, all ministries and agencies support the achievement of government's three goals, and work towards a secure and prosperous Saskatchewan. Shown below is how this ministry's goals align with the overall goals of government.

Government Goals	Ministry Goals
Sustain *Economic Growth* for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.	Partner with industry to obtain best value for government and to facilitate economic development.
Secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.	Maintain property infrastructure so it is sustainable, energy-efficient, and affordable, while effectively meeting the needs of clients.
Operate with integrity and transparency, accountable to the people of Saskatchewan.	Provide cost-effective and value-added service to government clients, enabling them to operate efficiently while delivering government programming.

The Ministry of Government Services operates in an important yet behind-the-scenes role in providing central support services to the government. Significant commitments made by government in which the ministry plays a key role include:

- **Minister's Mandate**
  - Ensure that all new vehicles purchased by the provincial government are hybrid or high fuel efficiency vehicles.
  - Ensure that government ministries follow the lead of the Crowns in establishing measurable goals and targets to reduce their environmental footprint and report publicly on their initiatives.
- **2009-10 Government Direction**
  - Investments in Infrastructure - The province is investing $473.5 million in 2009-10 for government-owned capital and $528.5 million in third party capital transfers.
  - Leadership in Environmental Stewardship – Government Services is providing leadership to ministries in environmental stewardship practices and is undertaking several measures to reduce the environmental impact of government operations and its vehicle fleet.

Ministry Overview

The Ministry of Government Services manages an extensive portfolio of property and provides centralized support services to government ministries and many public agencies. Whether that is providing reliable transportation, finding appropriate office space for public servants to work in, making sure mail reaches its destination, or implementing new telecommunications technology, the ministry serves the government. By providing efficient and effective services for day-to-day operations, Government Services supports other ministries by enabling them to focus on their specific mandates to serve the people of Saskatchewan.

Mandate

The ministry supports government program delivery by providing accommodation and property management, transportation services, purchasing, risk management, records management, telecommunications and mail distribution. Services are delivered by providing good value and by incorporating environmental initiatives through the purchase of fuel efficient vehicles and reduction of the government's own environmental footprint. The ministry coordinates the government's approach to the use of public-private partnerships for public infrastructure.

By the numbers (as of March 31, 2010)

- 772.1 full-time equivalent employees
- Located in 166 communities
- Leases or owns 729 buildings
- Owns approximately 5,000 vehicles
- Operates 6 aircraft (3 in Regina, 3 in Saskatoon)
- Processes 25 million pieces of mail per year
- Stores over 177,000 boxes of government records
- Tenders approximately $140 million in goods per year
- Manages property with a replacement value of $2.5 billion

Accommodation Services

Accommodation Services provides government ministries and agencies with office and program space, working with them to identify and meet their accommodation needs, including:

- *Provincial Planning* - Supports ministries in coordinating program needs with accommodation requirements.
- *Project Coordination* - Manages major building projects in the areas of pre-construction, sustainability and energy management, and capital planning.
- *Real Estate* - Manages expenditure leases, revenue leases, grants-in-lieu, escalations, property disposals, and reviews Treaty Land Entitlements (TLE) requests for government-owned land.
- *Infrastructure Support* - Provides building maintenance, repairs, and renovations in government-owned and leased buildings.
- *Facility Operations* - Provides cleaning services, building maintenance and operations, and construction services.

- *Pricing and Data Management* - Assesses long-term building maintenance requirements, develops annual pricing for accommodation services and bills clients, processes payments on expenditure leases, and maintains core data for the division regarding building assets.
- *Water Testing* - Provides testing of water for water systems owned and operated by Government Services to ensure water is safe to drink.

Commercial Services

The following centralized services are offered to government ministries and agencies:

- *Transportation* - Manages vehicles (Central Vehicle Agency) and aircraft (Air Transportation Services).
- *Records Management* - Stores government records in secure archives.
- *Mail Services* - Sorts and delivers government mail.
- *Telecommunications* - Manages voice, network, directory, and Priority Access Dialtone services for the government.
- *Relocation Services* - Helps government employees and their families move.

Corporate Support Services

Corporate Support primarily supports and serves the ministry and its employees in the areas of:

- *Financial Services* - Provides services in the areas of accounting and financial processes, budget development, financial reporting, financial consulting, as well as the management, operation and delivery of central administration support, and tenant representative related services.
- *Internal Audit* - Reviews internal controls and processes and makes recommendations for improvement.
- *Purchasing* - Through a fair, open, and competitive process, the Purchasing Branch coordinates the purchase of goods and some services for government ministries, boards, agencies, and commissions, as well as some Crown corporations.
- *Planning and Policy* - Provides strategic planning, policy and planning, and business improvement and program development services.
- *Risk Management* - Provides investigative services, building security, insurance services, business continuity planning, environmental health and safety expertise, and employee occupational health and safety services.

Progress in 2009-10

The Ministry of Government Services supports government's goal to sustain economic growth for the benefit of Saskatchewan people, ensuring the economy is ready for growth and positioning Saskatchewan to meet the challenges of economic and population growth and development.

Contract with the private sector for the procurement and delivery of a wide-range of goods and services for our clients.

Results:

- The staff of the P3 Secretariat were transferred to the Efficiency Secretariat in the year.
- In an effort to make it easier and less expensive for private sector firms to bid on government contracts, Government Services implemented upgrades to SaskTenders in June 2009 to enhance the functionality and update the tender distribution system. The ministry also completed a request for proposal process and selected a system to enable suppliers to submit bids electronically. Government Services is working with the Ministry of Highways and the Information Technology Office to implement a joint solution. The system will be implemented in the next fiscal year (by the fall of 2010).
- To support economic development opportunities that involve government-owned property, Government Services is re-aligning its disposal policy to provide opportunity for the private sector developers to purchase Government Services' property which is currently underutilized or being used for ancillary purposes.

Measurement Results:

Level of industry satisfaction when dealing with the Purchasing Branch.

Industry satisfaction levels measure the success of the Ministry's strategy to contract with the private sector for the procurement and delivery of a wide-range of goods and services for our clients. Government Services has a responsibility to ensure suppliers have confidence in government procurement processes. A supplier survey is used to measure supplier satisfaction.

The Purchasing Branch surveys its clients to determine satisfaction with its programs and services. Respondents are asked to rate service, value for money, and needs met using a five-point scale from "extremely satisfied" to "very unsatisfied."

	2010	2007
Level of industry satisfaction when dealing with the Purchasing Branch	90.0%	77.0%

Source: Government Services, Corporate Support Services, Purchasing Branch

The Ministry of Government Services supports Government's goal to Secure Saskatchewan as a safe place to live and raise a family where people are confident in their future, ensuring the people of Saskatchewan benefit from the growing economy.

Manage the building portfolio to reduce the environmental impact from operations.

Results:

- In an effort to construct new buildings to Leadership in Energy and Environmental Design (LEED©) standards when practical, the following certifications were pursued in 2009-10:
    - o Regina Provincial Correctional Centre is in the process of completing the LEED© Silver certification.
    - o LEED© Silver certification will be pursued for the Meadow Lake Courthouse and Cooper Place.
    - o LEED© Gold certification will be pursued for the Saskatchewan Disease Control Lab.
- Continuing the Energy Retrofit Program is an ongoing ministry program. Over the past number of years, the target was to reduce energy use by 20 per cent in core buildings, which has been achieved. The current focus is to undertake projects that have a ten-year payback or return on investment (ROI) of 10 per cent.

Due to delays of natural gas installation in La Ronge, four buildings will be connected in the summer of 2010.

- The following buildings received Building Owners and Managers Association (BOMA) Building Environmental Standards (BESt) certification in 2009-10:
    - Walter Scott Building
    - Lloyd Place
    - T.C. Douglas Building

All core buildings are audited as a part of the achievement of the BOMA BESt certification. Environmental audits were completed on approximately 20 per cent of buildings in 2009-10. (Mandate Letter)

- In an effort to negotiate green leases with landlords when feasible, Government Services negotiated a lease renewal for the existing 22,583 square foot Melville Crop Insurance Building with the landlord to re-life this leased space using LEED© practices. Our negotiations also included having the existing landlord construct a 33,542 square foot addition to the existing building to a LEED© certification standard.

Government Services (GS) has existing lease agreements where the buildings have achieved environmental designations without GS negotiation for such environmentally friendly standards. The following table shows those buildings as well as the number of leases in the buildings and the total rentable area that Government Services leases in the buildings.

Designation	Building	Number of Leases	Rentable Area (Square Feet)
BOMA BESt	Tower 1, Regina	2	78,132
	Tower 2, Regina	2	5,313
	Conexus Tower, Regina	5	47,133
	Bank of Montreal, Regina	1	34,768
	The Galleria, Saskatoon	3	8,656
	Dr. J. McFaull Bldg., Saskatoon	1	97
	112 Research Dr., Saskatoon	1	17,772
LEED (Gold)	PA Forestry Centre	4	26,950
LEED (Silver)	2 Research Drive, Regina	1	20,487
		20	**239,308**

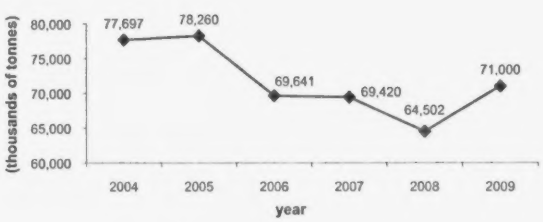
- The ministry has calculated and started to track carbon dioxide (CO_2) emissions for all owned buildings it operates (100 per cent) as well as starting the process to track waste and water.

  CO_2 reporting will be done annually as will water and waste as the reporting structures are put in place.
- The ministry has developed a Waste Reduction Program with the initial focus on recycling within government buildings.
- In an effort to meet approximately 25 per cent of executive government's electrical energy needs by purchasing renewable wind-generated electricity, the ministry acquired approximately 30.5 million kWh of green energy. This represents about 36 per cent of Executive Government's total electrical consumption, exceeding the 25 per cent target.

Measurement Results:

Carbon dioxide (CO_2) emissions by building portfolio

This measure monitors the success of the Ministry's strategy to manage the building portfolio in a manner that reduces the environmental impact of operations. The Energy Retrofit Program, BOMA BESt Certification and LEED© Standards are programs that the Ministry has incorporated that cumulatively reduce the CO_2 emissions of the building portfolio.



These are measured by calendar year.

Source: Government Services, Accommodations Division

A number of things can result in an increase in CO_2 emissions such as:

- More energy used as a result of weather conditions (warmer or colder seasons),
- Increases in the size of its managed portfolio, and/or
- Additional connected loads.

In 2009, there was an increase of energy consumed as a result of a winter colder than 2008. Also, Government Services increased the size of its managed portfolio as a result of taking over the operations of the Regina Provincial Correctional Centre. Further, the energy upgrades in the La Ronge area were not fully implemented. As a result we see a net increase in CO_2 emissions.

Manage the vehicle fleet to reduce the environmental impact from operations.

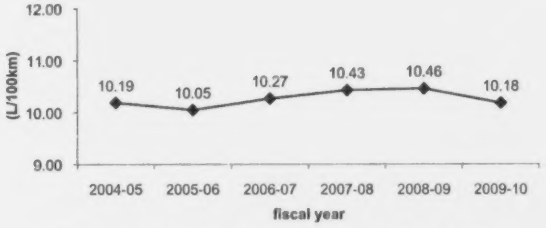
Results:

- To date, the most cost-effective vehicles (with evaluation of fuel efficiency options) were purchased in each class from the pre-qualified manufacturers.
- The ministry purchased an additional three new hybrid vehicles. The ministry's fleet now contains 31 hybrids. (Mandate Letter)
- All vehicles purchased in 2009-10 from pre-qualified manufacturers are within the top 20 per cent fuel efficiency of their class, where fuel efficiency information was available. There were 217 new flex fuel units added to the fleet for a total of 1,044 flex fuel units. (Mandate Letter)
- Where opportunities exist, consideration is given to fuel efficiency and emission reduction in all maintenance practices.
- Resource limitations have restricted the introduction of a driver awareness education program for those who utilize the Central Vehicle Agency vehicles.
- Preliminary research has been done on the implementation of a driver awareness and education program. Implementation will be done in the future in conjunction with the new fleet management system as it will have improved tracking and reporting abilities.
- Evaluation of the potential for the use of E85 fuel is currently underway.

Measurement Results:

Average fuel efficiency of passenger vehicle fleet

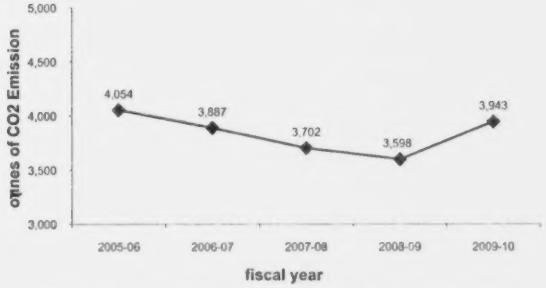
Average fuel efficiency measures the success of the ministry's strategy to manage the vehicle fleet to reduce the environmental impact of operations. Vehicles are a significant source of pollution. Vehicle efficiency can be measured based on the amount of fuel used by the fleet. As the ministry takes steps to make its fleet more environmentally friendly, fuel efficiency will improve. Many factors affect fuel efficiency including vehicle types, vehicle use and driver behaviour.



Source: Government Services, Central Vehicle Agency

Average CO_2 emissions per passenger vehicle

The table shows the average CO_2 emission levels per passenger vehicle increased in 2009-10. Although the ministry reduced its fleet size, vehicles travelled an average of 600 more kilometres during the year, resulting in increased CO_2 emission levels per passenger vehicle. Every litre of fuel burned releases approximately 2.32 kilograms of carbon dioxide.



Source: Government Services, Central Vehicle Agency

The Ministry of Government Services supports government's goal to operate with integrity and transparency, accountable to the people of Saskatchewan.

Manage the infrastructure assets in a sustainable manner to support client program delivery.

Results:

- To continue implementation of the ministry's multi-year sustainability strategy, the capital plan for core facilities was updated based on a priority rating system:
  - o List of core government facilities is maintained to prioritize funding.
  - o Facility Condition Index (FCI) measurements are used to monitor building condition.
  - o Full building assessments are conducted on a five year rotation. Government Services targeted a total of 74 buildings to have condition assessments completed for the 2009-10 fiscal year. The ministry will exceed that goal by an additional 10 buildings, bringing the year's total to 84 assessed buildings.
- Government Services compiled a list of properties that are surplus to the needs of Executive Government. In 2009-10, Real Estate Services sold or had removed six of these properties.
- To assist in coordinating client capital and the ministry's maintenance projects, ongoing communication between Government Services and client ministries occurred. The client ministries are advised of facility condition indexes (FCI) for their special program buildings, as well as upcoming priority maintenance work forecasted over the next three to five years. A higher FCI or anticipated program change can trigger a review of these buildings.
- In an effort to work with clients to optimize their space utilization, the following planning and space standards work was conducted over the past year:
  - o *Review of Pine Grove Adult Corrections Program*

    A feasibility study was completed for the Pine Grove facility identifying a number of projects upgrading existing program space and an expansion to the facility to address the ongoing severe overcrowding problem.
  - o *Court design for Saskatoon Queens Bench Court House*

    Detailed design is continuing for the proposed addition and renovations to accommodate the Family Law Division at the Queen's Bench Court House in Saskatoon.
  - o *Courts design for La Ronge Court House*

    Design plan and scope development for the proposed new Queen's Bench/ Provincial Court House in La Ronge is near completion.
  - o *Courts facility reviews and updating for all Provincial Court facilities and circuit court*

    The Court Facilities/Security Committee conducts ongoing, annual reviews which supplement the information required for priority capital projects put forward for funding approval.
  - o *Draft facilities space standards for SIAST program facilities*

    Research and preliminary space standards were proposed to SIAST and the Ministry of Advanced Education Employment and Labour for further development.

- *Highways Equipment Storage Building projections for additions to existing facilities and associated design requirements.*

  The Ministry of Highways and Infrastructure provides an annual itemized list of priority locations for development to properly prepare for upcoming project delivery once funding is confirmed.

- *The CPSP Provincial Young Offenders Study*

  A Master Planning Study including a proposed feasibility study and master plan development for all young offenders facilities, in order to plan a provincial custody sys tem for the next 10 to 20 years, was put on hold due to CPSP funding issues.

- *Draft office space standards for general-purpose office space.*

  The standard of 18.6 useable m^2 per full-time equivalent staff (FTE) has been approved by Treasury Board. Government Services had gathered some preliminary footprint measures for client ministries. As well, information has been developed on what this measure means and how it can be utilized in determining efficient use of government office space.

- To ensure fleet size and make-up, and vehicle utilization meet the needs of government, increased efforts were made to dispose of seasonal, redundant and problematic vehicles. Utilization and size reporting will be enhanced with the new information technology system in 2010/11 and beyond.
- Government Services worked with client ministries to construct and upgrade major facilities needed to deliver programming, including: (2009-10 Government Direction)
  - $13.8 million for construction of the Saskatchewan Disease Control Laboratory. The project is substantially complete and total project cost is estimated at $55.5 million.
  - $8.8 million to continue construction of the Meadow Lake Court House.
  - $1.8 million to begin design of the renovation and expansion to the Saskatoon Queen's Bench Court House.
  - $7.0 million to repair and construct SIAST facilities.
  - $5.7 million in security and safety upgrades in secure facilities.
  - A project development report for a new remand facility at the Saskatoon Correctional Centre.
  - $1.7 million for security enhancements and renovations for court facilities in Regina, Saskatoon and Swift Current.

The ministry updated the capital plan for core facilities based on a priority rating system:

Fleming		
• Visitor Reception Centre	Roadway and parking upgrade	Design complete
Regina		
• Legislative Building	Repointing and envelope repairs	Investigative phase completed
• Walter Scott Building	Rehabilitation	Phase 1&2 (of 6) completed; phase 3 – 65 per cent, phase 4 – 40 per cent, phase 5 is designed.
• Dunning Place	Rehabilitation	Phase 3 complete
• Disease Control Lab	LEED certification and commissioning	25 per cent complete
• 815 Dewdney	Environmental assessment	Complete
• Wascana Centre	Albert St. promenade	Complete
• Wascana Centre	Scanning of underground infrastructure	Complete
Saskatoon		
• SIAST Heavy Equipment Training Facility	Environmental assessment prior to purchase	Complete

The following buildings were upgraded for accessibility:

North Battleford		
• Kramer Place	4th floor renovation	50 per cent Complete
Wynyard		
• Courthouse	Elevator installation	Complete
Weyburn		
• Courthouse	Elevator installation	50 per cent Complete
Yorkton		
• Kuziak Building	Washroom upgrades	Designed
Prince Albert		
• Queen's Bench Court House	Washroom upgrades	50 per cent Complete
Moose Jaw		
• W. G. Davies Building	Washroom upgrades	50 per cent Complete
Saskatoon		
• Calder Centre	Washroom upgrades	Complete
• Sturdy Stone Centre	Elevator upgrades	10 per cent Complete
Arcadia (Yorkton)		
• White Spruce	Building upgrades	Complete

The ministry identified long-term program and space requirements in consultation with clients:

Justice and Attorney General

Planning for security enhancements and associated renovations to court facilities in Swift Current, Regina and other various locations:

- Renovation and expansion floor layout to improve the court room functions at the Swift Current Court House completed.
- Perimeter security at the Provincial Court House in Saskatoon completed.
- Perimeter security at the Queen's Bench Court House in Saskatoon completed.
- Perimeter security at the First Nation's Bank Building in Saskatoon Family Court completed.

Review of facility condition and program needs for core court facilities and the plan to address priority needs:

- Ongoing annual review activity of the Court Facilities / Security Committee, which supplements the information required for priority capital projects put forward for funding approval.

Corrections, Public Safety and Policing

Planning underway for new adult correctional facilities in Saskatoon

- $8.7M was allocated for the construction of the Remand Centre at the Saskatoon Provincial Correctional Centre. While some preliminary planning work was undertaken, the project was deferred to assist the Government's cost reduction efforts for 2009-10.

Review of the portfolio facility condition and program needs for core facilities and the plan to address priority needs

- This is an ongoing annual review activity of the CPSP Capital Plan Steering Committee GS and CPSP, which supplements the information required for priority capital projects put forward for funding approval.

SIAST

Planning for new space accommodations for the nursing program expansion at Wascana Parkway (Regina) and Kelsey (Saskatoon)

- Planning and project execution under the Knowledge Infrastructure Program (KIP) federal funding program for Wascana Parkway (Regina) is underway for completion in 2010-11.

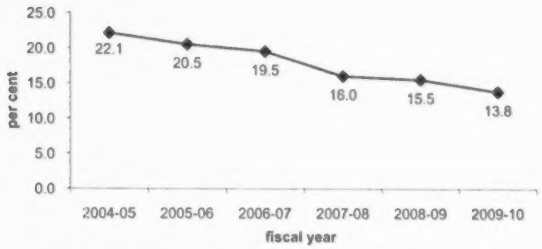
Participation in master planning work for the Kelsey Campus and associated strategic planning work to accommodate anticipated program needs

- Planning is underway for further development of the Kelsey Campus under the Knowledge Infrastructure Program (KIP) funding.

Measurement Results:

Average condition of government buildings (Facility Condition Index)

Government Services must ensure buildings are kept in good condition to meet program needs and safety requirements. An industry accepted standard used by most jurisdictions for measuring individual building condition is the Facility Condition Index (FCI). FCI is a comparative indicator of the relative condition of facilities, expressed as a ratio of the cost of maintenance, repair and replacement deficiencies of a facility to the current replacement value of the building. The higher the FCI, the worse condition the building is in relative to replacement cost.

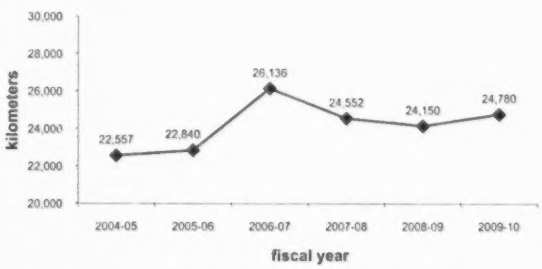


Source: Government Services, Accommodations Division

Average annual distance traveled per government vehicle

The average annual distance traveled by government vehicles measures the success of the ministry's strategy to manage the infrastructure assets in a sustainable manner to support client program delivery.

The average annual number of kilometers traveled per vehicle in the Central Vehicle Agency (CVA) fleet is an indication of the extent to which vehicles are needed and used by government ministries and agencies. A low number of kilometers traveled per vehicle might suggest under-utilization, while a high number of kilometers might suggest more vehicles are required.



Source: Government Services, Central Vehicle Agency

Deliver cost effective and efficient programs that support the government's priorities.

Results:

In an effort to ensure effective and efficient programs and services, the following actions related to program reviews were completed in 2009-10:

- The Distribution Centre was closed in October 2009. Standing offers were established for customers to purchase office supplies with Lyreco Office Products and Staples Advantage.
- There have been five pilot private auctions in the disposal of vehicles and equipment. The results of the pilot auctions have shown that using private sector auctioneers is a viable, cost effective, and efficient method of disposal.
- Furniture Services has been transitioned to a private sector vendor delivery model. Standing offers are in place for government organizations to obtain their office furniture directly from two vendors. The standing offers are for three years with an option to extend the arrangements for two additional years.

The ministry has completed reviews in the following areas in 2009-10:

- Central Vehicle Agency
- Relocation Services
- Risk Management Services

Government Services did not proceed with the expansion of the apprenticeship training program for additional skilled trades people for the construction industry due to budget constraints. (2009-10 Government Direction)

The ministry conducted a risk analysis and identified the following key risks and strategies to manage them:

Aging Infrastructure and Deferred Maintenance

The ministry ensures continued functionality of an aging inventory through:

- Conducting full building assessments on a five year rotation.
- Using Facility Condition Index (FCI) measurements to monitor building condition.
- Maintaining a list of core government facilities to prioritize funding.

Management of Government Services Water, Wastewater and Distribution Systems

As owner and operator of a number of water treatment and wastewater facilities outside of urban municipalities, the ministry mitigates risk by:

- Working with the authorities to ensure legislative compliance.
- Implementing a water quality assessment program and conducting drinking water sample testing in all ministry-owned buildings and implementing remedial action to address the results.
- Developing a water management policy and program.

Recruitment, Retention and Succession Planning

The ministry's strategy to prepare for increasing retirements over the next several years and bridging the knowledge gap involves:

- Developing human resources plans and cross-training to prepare for retirements.
- Identifying positions through the Letter of Understanding 2007 to recruit youth into Government Services.
- Continuing with year three of the Trade Apprenticeship Program at Government Services with seven employees at various stages of their apprenticeship.

Strengthening Internal Controls

The ministry ensures that compliance efforts and internal controls remain strong by:

- Adhering to policies and procedures in the Financial Administration Manual.
- Ensuring that all employees who have signing authority attend fraud awareness training at the first available opportunity and attend ongoing training.
- Ensuring supervisors provide orientation to new employees the first day on the job.
- Following up on all audit reports that identify weaknesses.

Contract Management

The ministry enters into numerous contracts and legal agreements each year, and mitigates risk by:

- Using standard terms and conditions for purchasing agreements, lease agreements, and project delivery contracts.
- Having non standard agreements reviewed by legal counsel.
- Periodically reviewing language of standard agreements.
- Regularly training employees in negotiating and managing contracts.

Business Continuity Management

Business Continuity Planning (BCP) is a proactive planning process that ensures critical services or products are delivered during a disruption. In order to reduce the risk of a disruption of service to its clients, the ministry:

- Completed BCP plans for the ministry's essential service areas.
- Conducts annual testing and updates completed BCP plans.
- Completed a pandemic plan.
- Regularly updates the emergency response plan.

2009 - 10 Financial Overview

Most of the ministry's programs operate on the principles of shared services and net budgeting, which are set out in legislation in *The Financial Administration Act, 1993*. The Act allows for ministries to provide shared services to other ministries and to charge those ministries for the costs of those services.

The cost of shared services is allocated to ministries and is described as an internal recovery because the ministries receiving those services are internal to the General Revenue Fund (GRF). Essentially, Government Services charges ministries for accommodation, transportation and other services provided to them. These charges are reflected in the financial results for the respective ministries.

The Act also allows net budgeting for commercial activities provided by a ministry to organizations that are outside of executive government. The provision of services to and recovery of the cost of those services from agencies external to the GRF are defined as commercial activities. The fees charged for these services are described as external recoveries. Government Services charges a recovery fee (price) for those services.

Following the ministry's pricing principle of cost recovery, the expenses of Government Services' Central Management and Services subvote are allocated to program subvotes and those costs are reflected in the full cost recovery rate structure. Some other costs are appropriated and not recovered through charges to ministries, such as:

- Operation of the Purchasing Branch
- Operation and Maintenance of the Legislative Assembly
- Environmental Sustainability Investments
- Wind Energy
- Voice over Internet Protocol (VoIP)
- Telecommunications' administration costs
- P3 Secretariat

The ministry's 2009-10 expenditure budget (appropriation) was $42.2 million, including $27.4 million for capital asset acquisitions.

In addition to appropriated funds, the ministry's funding also included recovery of costs related to shared services and net budgeting. In total, the ministry's budgeted funding was $342.1 million, summarized as:

	(In thousands of dollars)	
2009-10 Funding	**Budget**	**Actual**
Total Appropriation	42,247	34,456
Costs Allocated to Ministries	226,573	211,215
Costs Charged to External Clients	73,261	82,914
Total	**342,081**	**328,585**

Actual funding totalled $328.6 million; a variance of $13.5 million compared to budget. Results by subvote and program area are summarized in subsequent pages of the annual report. Detailed payee information will be published in Public Accounts 2009-10 - Volume 2.

In 2009-10, Government Services' full time equivalent (FTE) budget was 797.7 FTEs and the actual utilization was 772.1 FTEs. The variance occurred as a result of vacancies during the year and the lower utilization contributed to overall financial savings for the ministry compared to budget.

2009 - 10 Financial Results

The following tables outline information on actual and budgeted results by subvote and programs, including recoveries, expenses and capital asset spending. Capital asset spending includes amounts spent on capital acquisitions on behalf of other ministries for which the Ministry of Government Services recovered the expenditures. The tables also identify the amounts allocated to ministries as internal recoveries and amounts charged to clients external to the GRF. Explanations are provided for significant variances.

	(in thousands of dollars)		
Summary of Appropriation and Expense	**Budget**	**Actual**	**Variance**
Central Management and Services (GS01)	44	44	–
Accommodation Services (GS02)	10,466	6,095	(4,371)
Project Management (GS03)	1,376	474	(902)
Purchasing (GS04)	1,942	1,693	(249)
Transportation Services (GS05)	–	5,115	5,115
Government Support Services (GS06)	406	456	50
P3 Secretariat (GS10)	650	529	(121)
Major Capital Asset Acquisitions (GS07)	27,363	22,966	(4,397)
Total Appropriation and Shared Services Activity	**42,247**	**37,372**	**(4,875)**
Capital Asset Acquisitions	(27,363)	(23,041)	4,322
Commercial Activity Surplus	–	884	884
Total Expense	**14,884**	**15,215**	**331**

	(in thousands of dollars)			
Central Management and Services (GS01)	**Budget**	**Actual**	**Variance**	**Notes**
Minister's Salary (Statutory)	44	44	–	–
Executive Management	826	524	(302)	1
Central Services	7,424	6,380	(1,044)	2
Accommodation Services	643	321	(322)	3
Allocated to Services Subvotes	(8,893)	(7,225)	1,668	4
	44	**44**	**–**	

Accommodation Services (GS02)	(in thousands of dollars) Budget	Actual	Variance	Notes
Operations and Maintenance of Property	147,494	144,615	(2,879)	5
Accommodation Costs Incurred on Behalf of the Legislative Assembly	3,151	2,830	(321)	6
Program Delivery and Client Services	21,640	19,129	(2,511)	7
Wind Energy	640	640	–	–
Environmental Sustainability Investments	2,112	752	(1,360)	8
Accommodation Allocated to Ministries	(120,539)	(117,427)	3,112	9
Accommodation Charged to External Clients	(44,032)	(44,444)	(412)	9
	10,466	6,095	(4,371)	

Project Management (GS03)	(in thousands of dollars) Budget	Actual	Variance	Notes
Saskatchewan Disease Control Laboratory	10,485	13,836	3,351	10
Voice over Internet Protocol (VoIP)	1,376	474	(902)	11
Courthouses	18,000	10,528	(7,472)	12
SIAST Buildings	2,000	568	(1,432)	13
Regina Provincial Correctional Centre	–	947	947	14
Saskatoon Provincial Correctional Centre	8,700	125	(8,575)	15
Other	19,481	30,995	11,514	16
Project Management Allocated to Ministries	(56,666)	(46,952)	9,714	17
Project Management Charged to External Clients	(2,000)	(10,047)	(8,047)	17
	1,376	474	(902)	

Purchasing (GS04)	(in thousands of dollars) Budget	Actual	Variance	Notes
Purchasing	1,942	1,693	(249)	18
	1,942	1,693	(249)	

Transportation Services (GS05)	(In thousands of dollars) Budget	Actual	Variance	Notes
Vehicle Services	38,895	43,365	4,470	19
Air Services	9,577	9,413	(164)	20
Transportation Services Allocated to Ministries	(29,083)	(27,835)	1,248	21
Transportation Services Charged to External Clients	(19,389)	(19,828)	(439)	21
	–	5,115	5,115	

Government Support Services (GS06)	(In thousands of dollars) Budget	Actual	Variance	Notes
Mail Services	11,745	11,710	(35)	–
Telecommunications Services	12,712	11,766	(946)	22
Distribution Centre and Other Services	4,074	4,576	502	23
Government Support Services Allocated to Ministries	(20,285)	(19,001)	1,284	24
Government Support Services Charged to External Clients	(7,840)	(8,595)	(755)	25
	406	456	50	

P3 (GS10)	(In thousands of dollars) Budget	Actual	Variance	Notes
P3 Secretariat	650	529	(121)	26
	650	529	(121)	

Major Capital Asset Acquisitions

Major Capital Assets (GS07)	(In thousands of dollars) Budget	Actual	Variance	Notes
Land, Buildings and Improvements	12,132	9,819	(2,313)	27
Machinery and Equipment	15,231	13,147	(2,084)	28
	27,363	22,966	(4,397)	

Explanation of variances larger than $50,000

1. The variance reflects the reimbursement of salary and other shared costs for the Minister's office.
2. Central Services' variance is primarily due to salary savings as a result of vacancies during the year.
3. Accommodation costs were less than budget due to the lease of space within the ministry's head office to a client.
4. Costs from this subvote were allocated to the other subvotes.
5. The variance is mainly due to savings in salary expenses, utility expenses, maintenance costs, amortization, and allocated costs from Central Management and Services (GS01). These cost savings were partially offset by higher than budgeted lease costs.
6. The ministry's costs related to the Legislative building were lower than anticipated due to utility cost savings and salary savings from a vacant position.
7. Savings were realized in salary costs as a result of vacancies during the year. Also, operational savings resulted from lower than anticipated professional service fees, travel expenses, professional development, and cost of sales.
8. A project to install a building chiller was deferred.
9. Recoveries allocated to ministries and charged to external clients combined were under budget by $2.7 million.
10. Scheduling delays in the previous year resulted in more work being completed on the Saskatchewan Disease Control Laboratory project during 2009-10, than originally planned.
11. The Voice over Internet Protocol (VoIP) project was cancelled during the year.
12. The majority spent in 2009-10, related to the Meadow Lake Courthouse project which will continue to be constructed in 2010-11.
13. A SIAST building project was delayed in 2009-10.
14. Costs for the Regina Provincial Correctional Centre project were not budgeted in 2009-10.
15. The Saskatoon Provincial Correctional Centre project remained in the design phase during the year.
16. Other client projects related to courthouses, correctional centres, SIAST, equipment storage buildings and other miscellaneous projects. Some of these projects were not known to the ministry during budget development.
17. Overall recoveries were lower than budget as only project costs incurred by the ministry were passed through to clients.
18. The variance in Purchasing was mainly due to salary savings from vacancies during the year. Actual results include an expenditure of $75,000 for a capital asset acquisition.
19. Vehicle Services' variance is attributable in large part to an non-recoverable accounting adjustment that involved a one-time expense of $4.5 million.
20. Air Services' expenses were lower than budget mainly due to savings on fuel, salaries and amortization expense.

21. Following the principle of cost recovery, fuel cost savings were passed through to clients resulting in total transportation recoveries lower than budget for the year.
22. Decreased input costs for telecommunication charges were the result of lower rates per the terms of a negotiated contract.
23. Increased client demand in anticipation of the Distribution Centre Stockroom closure resulted in higher cost of goods sold compared to budget.
24. Actual internal recoveries were less than budget due to reduced employee relocation activity for GRF clients and mail service volumes and rates were lower than anticipated for GRF clients.
25. Higher volumes than anticipated for external clients occurred during the year for the Distribution Centre Stockroom, Mail Services and Employee Relocation. These higher sales were partially offset with reduced external recoveries for Telecommunication Services as lower contract costs were passed through to clients.
26. The variance relates to salary savings due to a vacancy, as well as, savings in discretionary costs such as travel, training and consulting. The P3 Secretariat became the Efficiency Secretariat effective October 1, 2009.
27. The ministry deferred the purchase of a building until 2010-11.
28. Capital expenditures on machinery and equipment were lower than budget due to a planned reduction in CVA vehicle purchases and the fleet management system project was not completed in 2009-10.

2009-10 Revenues

The majority of the revenue collected by the ministry related to the provision of commercial activities. The following table outlines information on actual and budgeted revenues deposited into the GRF.

	(In thousands of dollars)			
	Budget	Actual	Variance	Notes
Other Own-source Revenue				
Sales, services and service fees	–	202	202	1
Other	–	1,598	1,598	2
Commercial Operations	–	82,914	82,914	3
Total	–	84,714	84,714	

Explanation of major variances:

1. The majority of the revenue from sales, services and service fees was obtained from the sale of previously expensed assets.
2. The majority of "Other" revenue consisted of refunds of previous years' expenses, reimbursements and refunds. These rebates and refunds are accounted for as GRF revenue.
3. Commercial operations revenue is received from clients that are external to the GRF.

For More Information

For general information about Government Services, please visit www.gs.gov.sk.ca.

Other important websites:

www.sasktenders.gov.sk.ca
www.sasksurplus.ca
www.sasksupplies.com
www.communitydonations.ca

For more information about the Government of Saskatchewan, please visit www.gov.sk.ca.

For specific enquiries related to this report, please contact:

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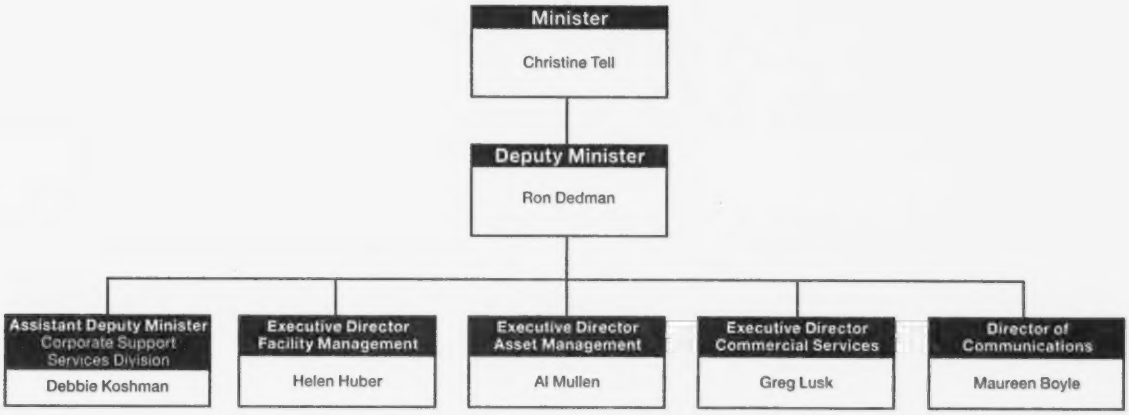
Appendix A - Organizational Chart



Appendix B - Key Pieces of Legislation

Key pieces of legislation for which Government Services is Responsible:

- *The Public Works and Services Act*
- *The Purchasing Act, 2004 and the Purchasing Regulations*
- *The Architects Act*
- *The Interior Designers Act*